IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION.

INCOME TAX APPLICATIION NO. 25 OF 1999.

The Commissioner of Income-tax II, Pune.. Applicant.
vs.
The Indian Card Clothing Co.Ltd. ... Respondents.

Mr. Ashok Kotangale for the Applicant.

Mr. Pramod Vaidy for the respondents.

CORAM : V.C.DAGA & J.P.DEVADHAR,JJ.
DATED : 13.6 .2006.

P.C. :

. Heard rival parties.

. This application is filed under section 256 (1) of the Income Tax Act, 1961, raise following questions of law for reference to this Court by the Tribunal.

. Whether on the facts and in the circumstances of the case, the Tribunal was justified in law in deleting the prima facie addition on account of expenditure on maintenance of guest house, when the provisions of section 37(4) of the Income-tax Act, clearly disallow such expenditure?"

. After hearing rival parties, it is not in dispute that at the relevant time there was controversy as to whether any item of expenditure covered by the provisions of sections 30 to 32 of the Act should be disallowed as it would be hit by by section 37(4). The matter was, ultimately, resolved by two judgments of this Court, in favour of the assessee viz.; in CIT vs. Chase Bright

Steel Ltd. 177 ITR 124 and in case of Century Spinning and Mfg.Co. (189 ITR 660) and the Tribual was pleased to hold that the issue was debatable as interpretation of law was involved.

. In the above backdrop, view taken by the Tribunal was just and proper view. The application seeking reference is, therefore, rejected with no order as to costs.

(V.C.DAGA,J.)

(J.P.DEVADHAR,J.)